SECRET

Y-003-41

WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY OF WAR
HEADQUARTERS, STRATEGIC SERVICES UNIT
CHINA THEATER
APO 907

27 April 1946

SUBJECT: Personnel Replacements.

TO : Chief, SI, SSU, Washington, D.C.

1. A message went forward 23 April from Col. Delaney re my replacement, which, I feel, needs further explanation from me. I should also like to record my impressions of the need for replacement personnel for overt SI in China.

2. I was sent to China in January 1945 as a member of the SI Reporting Board. Upon arrival Col. Helliwell appointed me Chief of the Reporting Board. I have been on constant duty ever since; as Reporting Board Chief and Chief of SI Operations; then as Chief of the Intelligence Division, SI and X-2, since October 1945. Since September 1945 I have been charged with assigning what few SI personnel we were allowed to retain to the places most likely to produce information. I have further been charged with maintaining morale in our organization within the structure of a Theatre which was virtually out of business. This last has burned me out to a point that I do not feel that I could continue to do proper justice to my job. I had expressed the desire, both to Col. Helliwell and to Col. Heppner, to return by 1 January 1946. They had agreed that my replacement would be sent. Subsequently we were confronted with rumors of various closing dates, giving us almost month to month reprieves. We were all constantly working long hours in order to "skim the cream" before we were forced to leave; and those of us who were left felt the duty and the urgency of producing as much as we could for the nation's good. But it has left most of us exhausted.

3. Our recent unpleasant situation with Theatre, in which Col. Delaney was forced to make an undiplomatic statement of fact, has somewhat clarified the status of SSU in China. And while my relations with G-2 have always been cordial, I have felt the need, at times, of speaking rather plainly in order to accomplish results beneficial to SSU. In view of the apparent change of attitude of Theatre, it is felt, both by Col. Delaney and myself, that this would be an excellent time to change the top echelon of SSU, with the view to closer harmony through a clean slate.

4. As to personnel sent from Washington for the continuance of overt SI operations in China, I should like to stress the fact that none is briefed to do the dog work. Each replacement arrives practically demanding the glamor assignments of field duty in farthest Manchuria. And while I appreciate the willingness to take the risk, it is imperative that, if we are to maintain the

SECRET

Y-003-4127

resent flow of reports, and better the quality, we must have personnel trained and willing to accept desk jobs at headquarters. We seldom get administrators, editors or analysts; and we need them badly. I feel the need for mature political and economic analysts in China at this time.

5. Col. Delaney has requested replacements for himself; Col. Krause, his Executive; Mr. Crawford, Chief of X-2; and myself, effective the end of May or the first of June. Under the organizational structure of SSU/CT I have been Chief of Indiv, which includes both SI and X-2. I have not attempted to direct X-2 in any way; I have assisted Mr. Crawford operationally and administratively only. I have been in a position to protect the security of X-2, and, of course, the relationship of SI and X-2 has been extremely cordial and cooperative. I have never been able to distinguish the dividing line between SI and X-2 in peacetime operations, nor has anyone been able to explain it to me. I, therefore, suggest that, before the replacements are selected for Mr. Crawford and me, you and the Chief of X-2 should attempt to obtain two men who would work in harmony and then brief them thoroughly on the division of duties. Obviously most information obtainable can be worked into intelligence. In peacetime the realm of activity of X-2, of necessity, interlocks with that of SI. Political and economic intelligence is of interest to X-2 and is inextricably tied into counter-espionage. In the past I have screened all X-2 reports in an endeavor to be sure that all intelligence will get thorough dissemination; SI distribution being more extensive than X-2. However, since last October X-2 has been disseminating all routine reports to G-2, and after 1 May I believe that we will include the 7th Fleet in some distribution. Various U.S. agencies have leaned rather heavily upon us in the past and indications are that they will continue to do so.

6. I look forward to a visit with Beurt, we are not any too well informed at the moment of the activities and prospects in Washington. His visit will be extremely beneficial to us and to Washington. In the meantime we are back in business on a small scale, having teams only at Tsingtao, Tsinan, Tientsin, Peiping, and Mukden. Col. Delaney has done a magnificent job in securing a Headquarters compound for our use, and the 14th, 15th, and 16th floors of the New Development Bldg. for X-2. This last gives us complete security and operational comfort and as a consequence the morale, which had hit a new low on receipt of orders to reactivate, has shot up. We are grateful for the help and consideration shown us.

For the Strategic Services Officer:

/H. Ben Smith

H. BEN SMITH
Chief, Intelligence Division